Truflation U.S. Employment Index (TruEmp-US)

Methodology

April 28, 2026

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1. Executive Summary

In the complex landscape of economic analysis, understanding the ebb and flow of an economy's health is of paramount importance. Economic indicators serve as critical reference points, enabling policymakers, business leaders, and retail investors to navigate the financial environment with greater confidence.

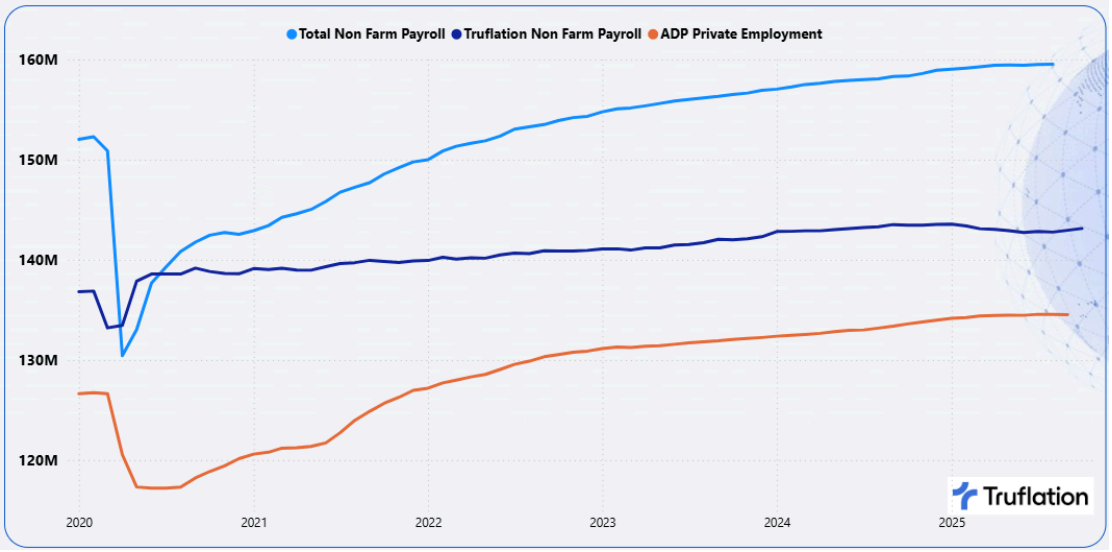
These indicators offer insights into current economic conditions, help anticipate future trends, and inform decisions with far-reaching implications. Among them, employment measures are particularly significant due to their direct influence on purchasing power, monetary policy, and overall economic stability.

The primary objective of this methodology is to track the number of individuals employed in the United States at any given time. This data forms the foundation of Truflation's Employment Index, which is designed to capture near real-time changes in employment levels and, as a secondary measure, shifts in employment by industry and company size.

Within the employment data landscape, several established indicators exist, including the Bureau of Labor Statistics (BLS) Job Openings and Labor Turnover Survey (JOLTS), the BLS Employment Situation Report, the ADP Employment Report, and numerous other labor market measures. The Truflation U.S. Employment Metrics represent a new addition to this ecosystem, offering a comprehensive view of labor market dynamics through a unique methodological approach and higher update frequency.

Each employment metric is constructed differently and, as a result, exhibits distinct behavior over time. As shown in Exhibit 1, which presents a monthly comparison of the BLS JOLTS, ADP, and Truflation U.S. Employment Metrics from January 2020 through October 2025, the magnitude of these indexes varies. However, their overall directional trends remain closely aligned, with Truflation providing a more comprehensive and timely perspective driven by its methodology and update cadence.

Exhibit 1 - Comparisons of the number of people employed in the US by Month



Source: Truflation, Bureau of Labor Statistics & ADP Employment Report

Given the critical role of employment metrics in understanding the cost of services, Truflation has introduced its own Employment Index as a leading indicator for changes in services prices within the Truflation CPI.

This document outlines the methodology used to define, calculate, and update Truflation's measure of the U.S. employment market at the highest feasible frequency, leveraging publicly available data and credible institutional sources.

2. Truflation US Employment Index Framework

The methodology consists of three primary steps:

- Defining the size of the U.S. labor force
- Determining the size of the Truflation Nonfarm Payroll Employment
- Tracking changes in employment levels, including job additions and reductions

Step 1: Defining the size of the US Labor Force

The first step is to define the size of the U.S. labor force. The starting point is the U.S. population, as reported by the U.S. Census Bureau. As of the end of October 2025, the U.S. Census Population Clock estimated the total population at 342,381,866.

To derive the labor force, the total population is adjusted to exclude individuals not participating in the workforce due to age, disability, or benefit status. To achieve this a number of data sources were needed to help in the determining

who is included in the work force. The list of data provided utilized in this step are:

- U.S. Census Bureau data that is used for the total population as well as to establish the size of the population by age group.
- BLS Current Population Survey data that helps define the amount of people that are not working in specific age groups.
- Social Security data that determines the number of individual claiming benefits and as a result not working. These claims include social security, SSI, disability, young survivors and early retirees.

These adjustments are summarized in Exhibit 2.

Exhibit 2: Population Adjustments to derive the Labour Force

Category	Population	Excluded	Source
Under 14 years old	60.1M	Entirely excluded (17.54% of the total population)	Census Bureau
Ages 15-18	18.1M with 6.4M in the workforce	11.7M excluded	BLS 2025 Population Survey
Ages 19-24	27.0M with 12.8M in the workforce	14.3M excluded	BLS 2025 Population Survey
Ages 25-65	175.7M with 159.2M in the workforce	16.5M excluded (disabilities, young survivors & early retirees)	Social Security & SSI
Ages 65+	61.6M with 3.7M in the workforce	57.4M excluded due to Social Security & SSI claims	Social Security & SSI

Following these adjustments, the estimated U.S. labor force totals 182.2 million individuals at the time of this calculation.

Step 2: Determining the Truflation Nonfarm Payroll Employment Size

The second step identifies the subset of the labor force that represents nonfarm payroll employment. This measure aligns conceptually with the Bureau of Labor Statistics (BLS) definition but is adapted to reflect Truflation's proprietary modeling framework.

The Truflation Nonfarm payroll employment measures changes in the number of paid workers in the U.S. economy, excluding agricultural workers, private household employees, nonprofit organization employees, self-employed individuals, and active military personnel. These exclusions and data sources used are summarized in Exhibit 3.

Exhibit 3 – Exclusions from the Labor Force

Excluded Group	Population Size	Source
Farm Workers	2.6M	USDA Economic Research Service
Active Military Personnel	2.9M	US Department of Defense
Private Household Employees (Child Care, Elderly Support, Hhold Support etc)	2.2M	Economic Policy Institute
Non-Profit Organization Employees	18.6M	Bureau of Labor Statistics & IRS W3 Forms
Self Employed Individuals	12.9M	Bureau of Labor Statistics & NELP

The resulting Truflation Nonfarm Payroll Employment measure is estimated at 143.1 million. This baseline is designed to capture structural changes in the labor force driven by demographic shifts, immigration policy, and technological advancements, including automation and artificial intelligence.

Step 3: Tracking changes to the Nonfarm Payroll Employment levels

The next step in the methodology is to track net changes in employment over time across two key dimensions: employment reductions and employment additions.

- Employment Reductions (Job Losses): Employment reductions include layoffs and separations (quits, layoffs and discharges) and is calculated by averaging multiple high-frequency indicators, including data from Challenger, Gray & Christmas, Daily Job Cuts, Gusto, MacroEdge, the Bureau of Labor Statistics (BLS) JOLTS report, and unemployment claims (both initial and continuing). A weighted average of these indicators is used to estimate monthly employment reductions, with adjustments applied to ensure appropriate sectoral representation.
- Employment Additions (Job Gains): Employment additions are modeled using job postings and time-to-hire data from Challenger, Gray & Christmas, Gusto and the JOLTS report. New employment is estimated by applying an average time-to-hire of 44 days to observed job postings, thereby producing a lag-adjusted estimate of job creation.

Step 4: Index Calculation Formula

The net employment change for each period is defined as:

$$\text{Employment Change} = \text{Employment Additions} - \text{Employment Reductions}$$

To ensure consistency with established private-sector employment trends, ADP Private Employment data and Revellio Labs Employment data is

incorporated after the calculation of Employment additions - employment reductions as a reference calibration input. As a result the updated Truflation Nonfarm Payroll Employment figure is then calculated as:

$$\text{Truflation Nonfarm Payroll} = \text{Previous Truflation Nonfarm Payroll} + \text{Employment Change}$$

Step 5. Update Frequency & Publication Framework

The Truflation Employment Index is updated and published on a weekly basis, with observations released every Wednesday using the latest available data from underlying providers.

In addition to weekly updates, an official monthly index value is published according to the release schedule defined in the methodology.

Weekly values represent high-frequency estimates of employment changes, while the monthly value serves as the official benchmark.

The official monthly index value is calculated as the sum of all weekly observations within the calendar month. In months where more than four weekly observations are available, all observations within the month are included in the aggregation.

3. The Output Metrics

The Truflation U.S. Employment Index is computed on a weekly basis using the latest available data and updated weekly on Wednesday in addition to the scheduled release dates as outlined below. The Index releases the following data sets at each point of release:

1. Truflation Labour Force Number - total labor force in the US
2. Truflation Nonfarm Payroll Employment Number - total employed population in nonfarm sectors
3. Monthly Employment change - the level of change in employment from the previous month.
4. Historical time series

The TruEmp-US index was launched on November 7, 2025 with historical data going back to January 2020.

The release schedule of the Truflation U.S. Employment Index for 2026 is listed out in Exhibit 4.

Exhibit 4 – Index Release Schedule for 2026

Reported Month	Release Date	Reported Month	Release Date
December 2025	January 8, 2026	June 2026	July 2, 2026
January 2026	February 5, 2026	July 2026	August 6, 2026
February 2026	March 5, 2026	August 2026	September 3, 2026
March 2026	April 2, 2026	September 2026	October 1, 2026
April 2026	May 7, 2026	October 2026	November 5, 2026
May 2026	June 4, 2026	November 2026	December 3, 2026

In addition to the release schedule outlined above, values are updated every Wednesday.

4. Future Enhancement

1. Integration of real-time tax and payroll data, where available, to enhance timeliness and accuracy.
2. Incorporation of industry distribution and company-size categorization to better capture sector-specific employment shifts.
3. Improved adjustments for undercounted informal sectors, including domestic work and the gig economy.
4. Incorporation of immigration data to more accurately capture changes in labor force participation driven by population flows. This will help to identify structural shifts in the labor market.
5. Application of machine learning based nowcasting techniques to estimate employment changes using correlated macroeconomic and micro-level data feeds.

5. Truflation US Employment Index Benefits

The primary objective of the Truflation US Employment Index (TruEmp-US) is to track the overall size of the labor market and identify whether changes in employment are structural in nature or reflect short-term movements in the labor force over time. By providing high-frequency insights into employment

dynamics, the index offers a timely perspective on labor market conditions and the broader health of the economy.

Key benefits of the Truflation U.S. Employment Index include:

- **Devoid of Historical Monthly Revisions:** The Truflation U.S. Employment Index does not revise historical data, as it reports information available in real time. In contrast, the Bureau of Labor Statistics' Employment Situation Report is frequently revised due to initial estimates based on incomplete survey responses. As a result, Truflation provides greater clarity and a more consistent view of labor market trends.
- **Continuous Innovation:** Measuring employment accurately is inherently complex. Truflation applies a continuous innovation framework, expanding data partnerships, refining methodologies, and maintaining transparency to improve labor market measurement and insight.
- **Frequent Labor Market Tracking:** The index enables hedge funds, analysts, and economists to monitor labor market conditions at a much higher frequency than traditional monthly releases, supporting more timely analysis and decision-making.
- **Enhanced Data Quality and Broader Coverage:** Unlike traditional indices that rely heavily on lagged or survey-based data, Truflation incorporates census-level information from more than 15 data sources, improving both the representativeness and overall quality of the employment data.
- **Retail-Ready Dashboard Access:** The Truflation U.S. Employment Index is accessible to individual investors, journalists, and financial advisors through Truflation's online dashboard, democratizing access to high-quality labor market insights and making them actionable for a broader audience.

6. Summary

The Truflation U.S. Employment Index delivers a transparent, data-driven, and high-frequency measure of U.S. employment trends. While anchored in official population and labor statistics, it is enhanced with real-time private data sources, providing a more responsive and comprehensive view of the labor market than traditional monthly government releases.

7. Version History

Version	Date Released	Notes
1.0	November 7, 2025	Genesis of the Truflation U.S. Employment Index
1.1	January 9, 2026	Inclusion of MacroEdge & Revellio Labs in the index.
1.2	April 28, 2026	Updated release schedule to weekly